

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /099 R

DRAFTED BY ARA/MEX:J.J.JOVA:DMM

APPROVED BY ARA/MEX:J.T.DREYFUSS

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FM SECSTATE WASHDC

TO AMEMBASSY MEXICO

LIMITED OFFICIAL USE STATE 041608

FOR CHARGE FROM AMBASSADOR JOVA

E.O. 11652: N/A

TAGS: EINV, ENRG, MEX.

SUBJECT: PETROLEUM CONVERSATION WITH ARMAND HAMMER

DURING CONVERSATION WITH US IN MEXICO CITY, DR. ARMAND
HAMMER MADE THE FOLLOWING OBSERVATIONS:

1. HE IS IMPRESSED BY LOPEZ PORTILLO AND FEELS THE CLIMATE FOR PRIVATE INVESTMENT IS NOW PROPITIOUS. IN FACT, AS MEXICO NEEDS HELP AND SUPPORT NOW, HE CONTEMPLATES A MAJOR PETRO CHEMICAL INVESTMENT THROUGH HIS HOOKER CHEMICALS WHICH WOULD SERVE AS AN EXAMPLE AND AN INCENTIVE TO OTHER AMERICAN INVESTORS. ACORDINGLY HE IS PLANNING FOR A CAUSTIC SODA PRODUCTION PLANT WHICH WOULD REPRESENT A SEVENTY MILLION DOLLAR INVESTMENT, AND BE FIFTY ONE PERCENT MEXICAN AND FORTY NINE PERCENT AMERICAN OWNED.

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2. AS REGARDS PETROLEUM ITSELF, HE SAID HE HAD SPOKEN TO LOPEZ PORTILLO AS TO THE POSSIBILITY OF OCCIDENTAL PETROLEUM (OF WHICH HE OWNS A CONTROLLING INTEREST) "HELPING" PEMEX TO EXPAND ITS PRODUCTION AND EXPORTS RAPIDLY. HAMMER COULD ASSEMBLE THE FINANCING AND COULD PROVIDE MOST MODERN TECHNOLOGY, INCLUDING BOTH ON-SHORE AND OFF-SHORE DRILLING

EQUIPMENT. HE REALIZED THAT UNDER MEXICAN PETROLEUM LAW HE COULD NOT IN EXCHANGE HAVE ACCESS TO THE OIL ACTUALLY

PRODUCED BUT WAS HOPEFUL SOME FORMULA COULD BE WORKED OUT UNDER WHICH HE IS REIMBURSED BASED ON THE VALUE OF THE OIL PRODUCTION.

3. HAMMER SAID THAT IF MEXICO HAD DEPOSITS EVEN APPROACHING THE SIXTY BILLION BARREL MARK, AS REPORTED IN THE PRESS, IT WAS "NO LONGER A PROBLEM COUNTRY". IT WOULD ONLY BE NECESSARY TO PERSUADE MEXICANS TO GET OVER THEIR HANG-UPS AND TO MAKE REASONABLE ARRANGEMENTS TO GET THE OIL OUT OF THE GROUND. I POINTED OUT THAT THIS WAS PRECISELY THE PROBLEM, BUT HAMMER OBSERVED THAT IF HE COULD DO BUSINESS WITH THE RUSSIANS HE SHOULD CERTAINLY BE ABLE TO WORK OUT SOMETHING WITH THE MEXICANS.
VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, DIPLOMATIC COMMUNICATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 24-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition Reason:
Disposition Remarks:
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Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
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Subject: PETROLEUM CONVERSATION WITH ARMAND HAMMER DURING CONVERSATION WITH US IN MEXICO CITY, DR. ARMAND HAMMER MADE THE FOLLOWING OBSERVATIONS
TAGS: EINV, ENRG, MX, (HAMMER, ARMAND), (LOPEZ PORTILLO)
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